

**DEPARTMENT OF TRANSPORTATION  
OFFICE OF THE SECRETARY**

**DEPARTMENTAL PERSONNEL MANUAL LETTER**

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**DPM LETTER: 920- 22**

**DATE: AUG 6 1997**

**SUBJECT: Senior Executive Service (SES) Pay Setting**

**SECTION 1. GENERAL**

The provisions of this DPM letter apply to SES members throughout DOT except for the Office of Inspector General. Executives in the Federal Aviation Administration are excluded from the provisions of this DPM letter.

**SECTION 2. OVERALL GUIDANCE**

**a. Agency Responsibilities**

- (1) The authority to set and change basic pay rates within the Department are defined in this letter.
- (2) During the normal course of the SES performance appraisal process, DOT's Performance Review Boards (PRBs) shall be responsible for including recommendations concerning basic compensation for SES members based on their performance.

**b. Pay Setting Factors**

- (1) DOT will apply the flexibilities provided by the SES to retain highly capable executives, enhance their motivation, reward executives who are consistently effective, and attract the best, available individuals to the SES.
- (2) Setting and changing basic pay rates are to be based on such considerations as career development of the individual, length of executive service, performance appraisals, and the level and kind of responsibilities assigned. No single element should be the sole basis for determination in setting or changing executive pay levels.

**c. DOT Pay Setting Principles and Guidelines**

- (1) DOT's entry pay rates and pay rate changes are based on the general organizational level and responsibility of the position and the quality of experience and performance of the individual executive. The career advancement of individual executives, as demonstrated by consistently high performance, will be recognized through the responsive adjustment of basic pay rates and performance awards.
- (2) DOT SES positions are assigned pay level designators based on the position's organization level and the significance of assigned responsibilities. The following pay level designators

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govern the maximum pay rates usually to be given individuals assigned to the positions as well as typical titles associated with the position:

- (a) Level A Positions-Maximum ES-6; Administrator, Assistant Secretary, and Deputy Administrator
  - (b) Level B Positions-Maximum ES-5; Associate Administrator, Deputy Assistant Secretary, and Regional Administrator.
  - (c) Level C Positions-Maximum ES-4; Office or Service Director and Deputy Associate Administrator.
  - (d) Level D Positions-Maximum ES-3; Deputy Office or Service Director and Division Manager.
  - (e) Level E Positions-Maximum ES-2; Assistant Division Manager, Technical Advisor, and Special Assistant.
- (3) The pay rates indicate the maximum rates normally associated with the position designators. Lower rates than those shown above may be paid when qualifications and other factors indicate that the maximum rate may not be warranted. Pay rates can later be adjusted upward through periodic annual increases when justified by the performance of the individual executive.
- (4) Proposed level designators must accompany requests to establish positions in the SES. It is recognized that there will be occasions when, because of the inherent difficulty or level of responsibility assigned to a particular position, a higher level designator than provided by this letter would be more appropriate. These situations will be considered as they arise.

### **SECTION 3. SETTING INDIVIDUAL PAY RATES**

#### **a. Initial Appointment**

- (1) Individuals selected from General Schedule positions will normally be appointed into the SES at ES-1. If the pay rate adjustment results in a pay increase of less than 6 percent, the individual will be placed at the next higher pay level in order to provide at least a 6 percent pay increase. Recommended ES pay rates that exceed this initial appointment guidance must be justified in terms of qualifications offered by the individual, the needs of the organization, and the pay level designation of the position. Such recommendations must be endorsed in writing by the Head of the OA/Departmental Officer and submitted through the Executive Secretary, Executive Resources Board (ERB), for decision by the Deputy Secretary.
- (2) Individuals selected from the non-Federal sector will be placed in an ES rate which recognizes the level of the position and the qualifications of the candidate. This pay rate will normally be at ES-1 unless this rate does not meet the individual's current pay or provide an appropriate increase. The individual's total compensation should be analyzed to equate it as closely as possible to the Federal Pay system in determining the pay rate to be offered. The determination or proposal for the entering pay rate should take into account the importance of hiring the candidate and the pay rate needed to accomplish the action.

#### **b. Adjustment in the Agency**

- (1) **Raising Pay.** Subject to the once a year limitation, a Departmental executive may be considered for an increase in pay rate based on the annual performance appraisal process or upon assuming a more responsible position.

- (a) The pay rate of a DOT senior executive will be reviewed at least annually as part of the performance appraisal process. During this process, the senior executive's supervisor may make a recommendation to the appointing authority via the Performance Review Board concerning the appropriate pay rate for the senior executive. Normally, a DOT senior executive who receives a performance rating of "achieved results" may be recommended for a pay increase of one pay level not to exceed the maximum for the employee's position level designator. However, when the rating official believes the executive's performance is especially noteworthy and deserving of special recognition, he or she may recommend a pay increase of two pay levels, not to exceed the maximum for the employee's position level designator. Such a recommendation must provide written rationale setting forth the basis of the performance worthy of a two pay level increase; must be endorsed in writing by the Head of the OA/DO; and submitted through the Executive Secretary, ERB, for decision by the Deputy Secretary.
  - (b) A senior executive's pay rate can be changed at any time, subject to the 12-month restriction, upon assuming a more responsible assignment resulting from an upward change in position level designation (e.g., from level D to level C or level C to level B).
- (2) **Lowering Pay.** A Departmental executive's pay rate may be reduced as follows:
- (a) Following receipt of a "minimally satisfactory" performance rating, an executive shall be given a period not to exceed 6 months to improve his/her performance to the "achieved results" level. If performance does not improve, a reduction of one pay rate shall be required. A performance appraisal summary rating must be prepared following the performance improvement period.
  - (b) Unsatisfactory performance ratings are to result in a reduction of one pay rate.
  - (c) Other circumstances that may warrant pay rate reductions should be discussed with the Departmental Office of Human Resource Management.



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